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LAW OFFICES
JOHN D. HEFFNER, PLLC
1750 K STREET, N.W.
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WASHINGTON, D.C. 20006
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FAX: (202) 296-3939



December 30, 2009

Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423

**RE: STB Finance Docket No. 35339, Carolina Coastal
Railway, Inc., Acquisition and Operation Exemption**

Dear Ms. Brown:

On behalf of Carolina Coastal Railway, Inc., Petitioner, I am filing an original and ten copies of a Verified Notice of Exemption under 49 CFR 1150.41 in the above-captioned proceeding. I am enclosing with this filing a check for \$1800 to cover the applicable filing fee as well as a copy of the filing on a computer disk formatted for MS word.

Please date stamp and return one copy in the self addressed envelop marked "Stamp and Return."

Sincerely yours,


John D. Heffner

FEE RECEIVED

DEC 30 2009

**SURFACE
TRANSPORTATION BOARD**

cc: Mr. Douglas Golden

ORIGINAL

FILED

DEC 30 2009

**SURFACE
TRANSPORTATION BOARD**

BEFORE THE
SURFACE TRANSPORTATION BOARD

FEE RECEIVED

DEC 30 2009

STB FINANCE DOCKET NO. 35339

SURFACE
TRANSPORTATION BOARD

CAROLINA COASTAL RAILWAY, INC.
- ACQUISITION AND OPERATION EXEMPTION -
NORTH CAROLINA STATE PORTS AUTHORITY

VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 U.S.C. 10902 and 49 CFR 1150.41

NOTICE OF ACQUISITION AND OPERATION OF RAIL LINE

FILED

DEC 30 2009

SURFACE
TRANSPORTATION BOARD

Submitted By:

John D. Heffner
John D. Heffner, PLLC
1750 K Street, N.W.
Suite 200
Washington, D.C. 20006
(202) 296-3333

Counsel for Petitioner

ENTERED
Office of Proceedings

DEC 30 2009

Part of
Public Record

Dated: December 30, 2009

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB FINANCE DOCKET NO. 35339

**CAROLINA COASTAL RAILWAY, INC.
- ACQUISITION AND OPERATION EXEMPTION -
NORTH CAROLINA STATE PORTS AUTHORITY**

**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 U.S.C. 10902 and 49 CFR 1150.41**

NOTICE OF ACQUISITION AND OPERATION OF RAIL LINE

INFORMATION REQUIRED BY 49 CFR 1150.43

Name and Address of Applicant¹

49 CFR 1150.43(a)

Carolina Coastal Railway, Inc.
116 North Bellevue Ave.,
Suite 206
Langhorne, PA 19047

Applicant's Representative

49 CFR 1150.43(b)

John D. Heffner
John D. Heffner, PLLC
1750 K Street, N.W.
Suite 200
Washington, D.C. 20006
(202) 296-3333

¹ The address of the transferor, the Morehead & South Fork Railroad Co., is P.O. Box 2408, 422 W. Cumberland Ave., Knoxville, TN 37901

Statement of Agreement(s)

49 CFR 1150.43(c)

Carolina Coastal Railway, Inc., (“CLNA”), an existing class III short line rail carrier, has reached an agreement with the North Carolina State Ports Authority (“SPA”) and Morehead & South Fork Railroad Co. (“MHSF”) for the acquisition by assignment to CLNA of MHSF’s railroad trackage covered by MHSF’s lease with the SPA.² This trackage consists of the following segments on trackage owned by the North Carolina State Ports Authority (“SPA”) and located at Morehead City, NC:

- (1) a line extending from the connection with the Norfolk Southern Railway Company/North Carolina Railroad Company at Milepost 0.0 in Morehead City to Milepost 0.87 at Gallants Channel on Radio Island, Morehead City, a distance of 0.87 miles, and including the spur track and consolidation tracks leading from said line, generally along Inlet Drive, to the industrial tracks on the property leased from SPA to the PCS Phosphate Company, Inc., rail car dump and the “Fishmeal” spur on the area commonly known as Marsh Island, all in Carteret County, North Carolina;
- (2) a line extending from the connection with the Norfolk Southern Railway Company/North Carolina Railroad Company at Milepost 0.0 in Morehead City, through and including the classification yard parallel to Highway 70 onto the Morehead City Port and thus includes all of the railroad tracks on said Port’s property, whether denominated as spurs, side tracks, industrial tracks, or otherwise, all in Carteret County, NC; and
- (3) any other railroad trackage described above including all of the railroad tracks owned or leased by SPA (or previously owned or leased by North Carolina Ports Railway Commission), in Carteret County, NC, that might have been omitted from the above description.

² A copy of a letter from MHSF to CLNA acknowledging the lease assignment is attached to this notice as Attachment 1.

The tracks to be leased and operated total about .87 miles in length plus 4 additional miles of intra-terminal trackage.³

Operator of the Property

49 CFR 1150.43(d)

In all cases anticipated by this Notice, and as described in the transaction summary provided below, CLNA will hold itself out to provide common carrier rail freight service over the subject rail facilities.

Brief Summary of Transaction

49 CFR 1150.43(e)

CLNA is an existing class III railroad that will assume railroad operations over the subject trackage through acquisition by assignment of MHSF's lease with the SPA. Currently, MHSF leases and operates the subject track pursuant to an agreement with the SPA. CLNA's services will replace those provided by MHSF once this exemption becomes effective, on or about February 1, 2010, at least 30 days from the date of this notice.

This notice qualifies as a transaction eligible for an exemption under 49 CFR 1150.41 insofar as it involves the acquisition and operation by a class III railroad of railroad property (a leasehold interest) owned by a third party.

Map

49 CFR 1150.43(f)

A series of maps depicting the railroad trackage to be leased and operated and depicting this trackage in relation to other rail lines in North Carolina are attached as Exhibits A-1 and A-2.

³ See, STB Finance Docket No. 34748, Morehead & South Fork Railroad Co., Inc.—Acquisition and Operation Exemption—Carolina Rail Service, LLC. (where the Board had previously found that SPA's acquisition of the subject line was outside its jurisdiction).

Certificate of Carrier Classification 49 CFR 1150.43(g)

CLNA certifies that, with this acquisition, its projected annual revenues will be less than \$5,000,000 annually. A certificate complying with the provisions of 49 CFR 1150.43(g) is attached as Exhibit B to this notice.

Transactions Imposing Interchange Commitments 49 CFR 1150.43(h)

Not applicable as the subject trackage only connects with Norfolk Southern Railroad Corp.

Disclosure of Intent to Transport Waste

CLNA does not presently intend to provide facilities for the collecting, sorting, loading, unloading, transferring, or transporting of municipal solid waste ("MSW") or construction and demolition ("C&D") material.

Labor Protection

Under 49 U.S.C. 10902 the imposition of labor protective conditions are not authorized for a class III railroad acquisition and thus none should be imposed on this transaction.

Caption Summary 49 CFR 1150.44

A caption summary in the prescribed form is attached as Exhibit C to this Notice.

Environmental and Historic Preservation Data

49 CFR 1105

Pursuant to 49 CFR 1105.6(c) (2), the proposed transaction is exempt from environmental review under 49 CFR 1105(c) (2) (i), because the actions proposed herein will not cause any operating changes that exceed the thresholds established in 1105.7(e) (4) or (5).

In addition, this transaction is exempt from historic review under 1105.8(b) (1). Under this section, a sale, lease or transfer of a rail line is exempt if rail operations will continue. Further Board approval is required for the parties to abandon service, and there are no plans to dispose of or alter the properties subject to Board jurisdiction.

Submitted By:



John D. Heffner

John D. Heffner, PLLC

1750 K Street, N.W.

Suite 200

Washington, D.C. 20006

(202) 296-3333

Counsel for Petitioner

Dated: December 30, 2009

ATTACHMENT 1



Gulf & Ohio Railways, Inc.

P.O. Box 2408 • 422 W. Curberland Ave • Knoxville, Tennessee 37901
Office: (865) 525-9400 • Cell: (865) 705-8807 • Fax: (865) 525-3552

Ronnie McKenzie
Senior Vice-President Operations
and Business Development

From: Ronnie McKenzie
Date: December 21, 2009
Re: Morehead & South Fork Railroad

Dear Mr. Golden,

Under the terms of our lease agreement between Morehead & South Fork Railroad Co., Inc. (MHSF) and North Carolina State Ports Authority (SPA) we would like to assign the lease over to Carolina Coastal Railway.

Sincerely,

Ronnie McKenzie

EXHIBIT A-1

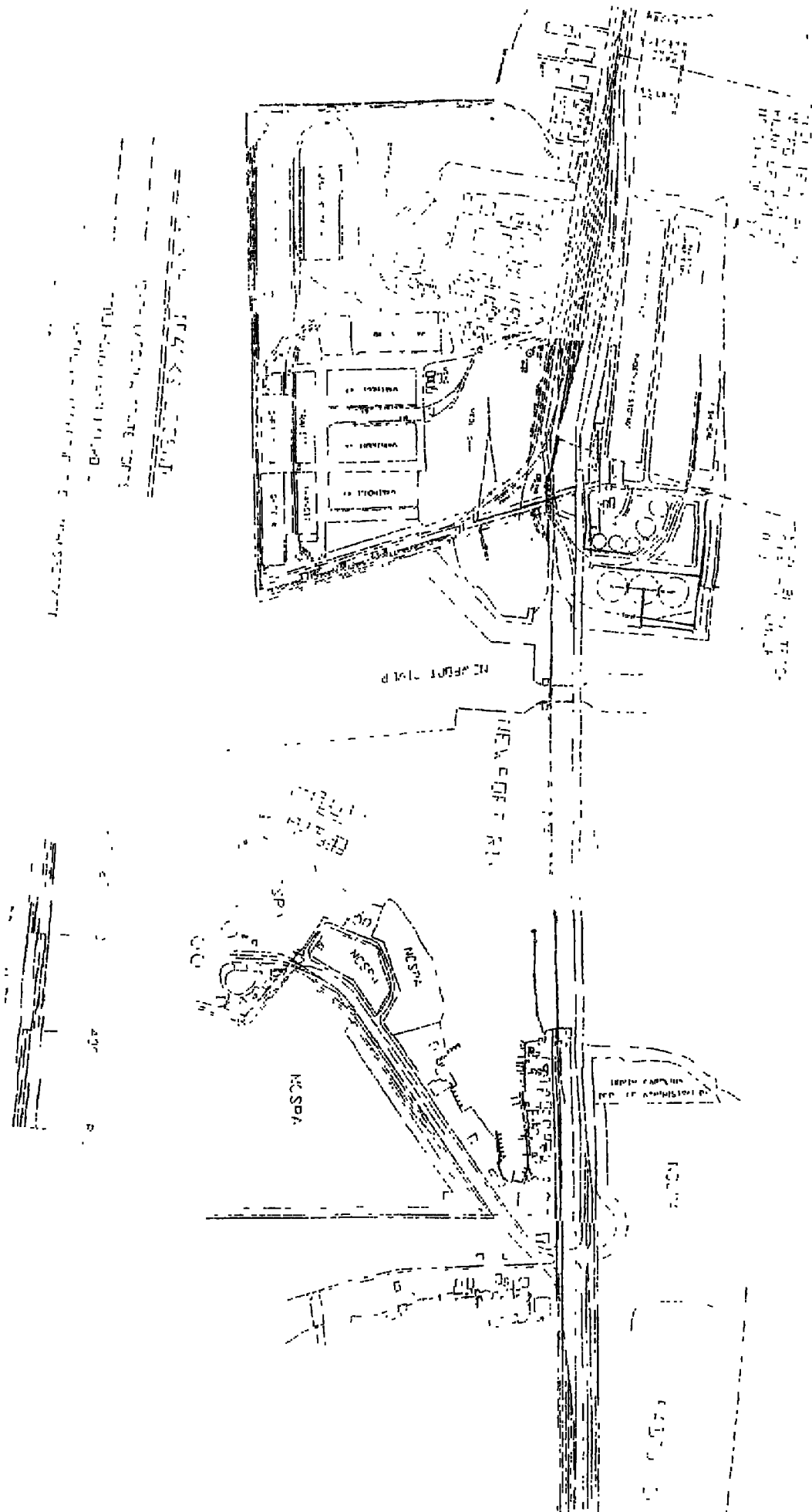
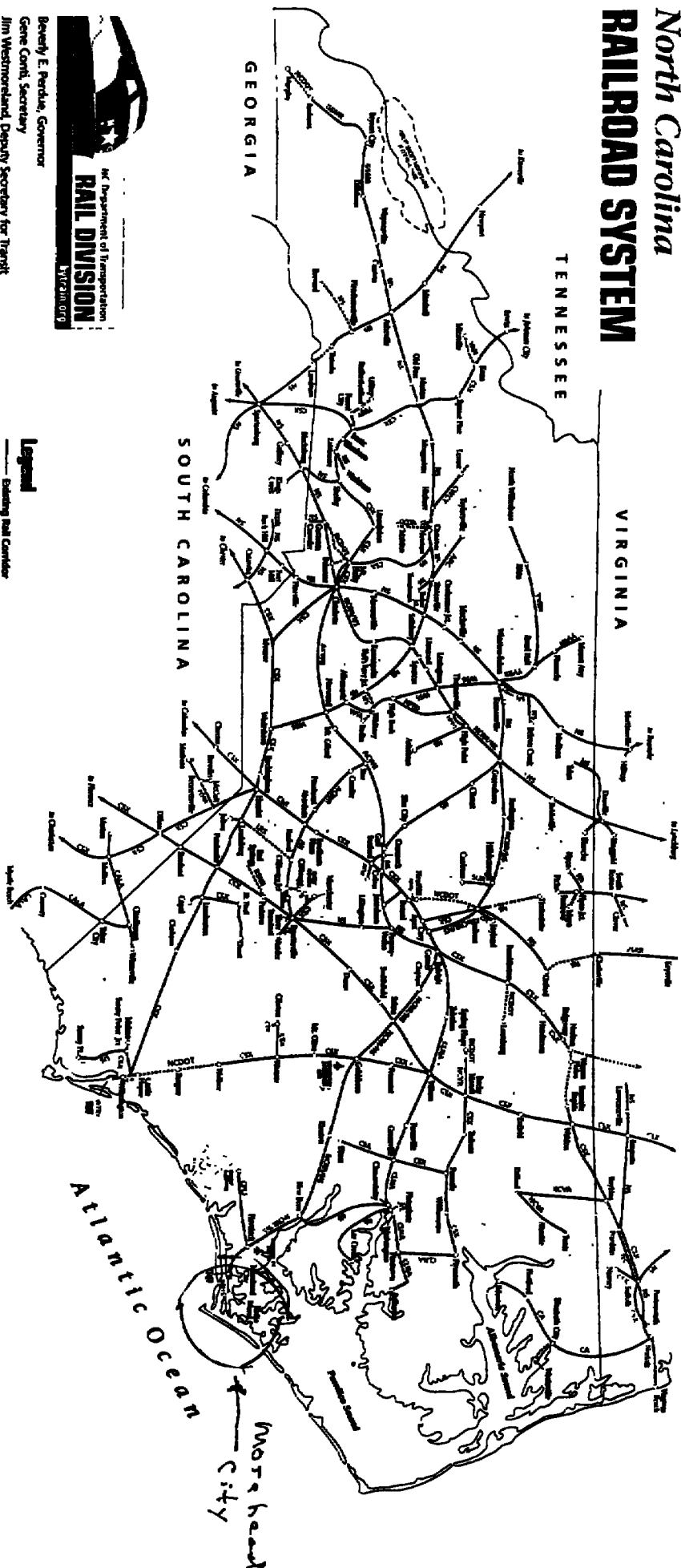


EXHIBIT A-2

North Carolina RAILROAD SYSTEM



Beverly E. Perdue, Governor
Gene Condit, Secretary
Jim Westmoreland, Deputy Secretary for Transit
Patrick B. Simmons, Director, Rail Division
1553 MNC, Raleigh, NC 27699-1553
Phone: (919) 733-7245, Fax: (919) 715-6580

NC's Railhead Train Stations

Raleigh	Rocky Mount
Durham	Salisbury
Charlotte	Selma
Fayetteville	Southern Pines
Kannapolis	Winston
Raleigh	

Information: 1-800-877-RAIL (1-800-258-7245)
Reservations: 1-800-USA-RAIL (1-800-872-7245)

Legend

Existing Rail Center
Preserved Rail Corridor/Out of Service

Abbreviation	Full Name
ACTW	Aberdeen Carolina & Western Railway
ALC	Alexander Railroad
ATW	Atlantic & Western Railway LP
CA	Chesapeake & Albemarle Railroad
CAL	Carolina Southern Railroad
CFR	Cape Fear Railway
CCL	Carolina Coastal Railway
CU	Camp Lenoire Railroad
CSX	CSX Transportation
RA	Railway Association of North Carolina - www.norailways.org
CTH	Critton Terminal Railroad
CWCY	Caldwell County Railroad
HPTD	High Point, Thermanville & Denson Railroad
US	Union Southern Railroad
MSR	Morehead and South Fork Railroad Company
NCOT	N.C. Department of Transportation
NCN	North Carolina Railroad Company
NCVA	North Carolina & Virginia Railroad
NCR	Nash County Railroad
NHV	New Hope Valley Railroad

Abbreviation	Full Name
NS	Norfolk Southern Corporation
PRR	Pee Dee River Railway
RSR	Red Springs & Northern Railroad
SUR	State University Railroad
TBR	Thermal Belt Railway
US	US Military
WSS	Winston-Salem Southbound Railway
WTR	Wilmington Terminal Railroad, Inc.
YVR	Yadkin Valley Railroad



CSX Emergency Number:
1-800-325-6744
NS Emergency Number:
1-800-453-2330
September 2009

Exhibit B

Certification

I, Danla Golden, certify that I am President (state position) of Carolina Coastal Ry Inc (name of carrier) and that applicant's projected revenues do not exceed those that would qualify it as a Class III carrier.

I further certify that the foregoing statements made by me are true, and that I am aware that if any of the foregoing statements made by me be willfully false, I am subject to punishment.

Dated: Dec. 21, 2009

Signature

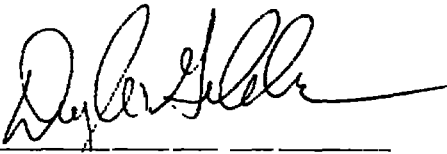


EXHIBIT C

BEFORE THE SURFACE TRANSPORTATION BOARD

STB FINANCE DOCKET NO. 35339

CAROLINA COASTAL RAILWAY, INC. - ACQUISITION AND OPERATION EXEMPTION - NORTH CAROLINA STATE PORTS AUTHORITY

Carolina Coastal Railway, Inc. ("CLNA"), an existing class III short line railroad common carrier, has filed a Verified Notice of Exemption under 49 CFR 1150.41 seeking an exemption for its acquisition by assignment to CLNA of certain railroad trackage currently operated by the Morehead & South Fork Railroad Co. ("MHSF") and leased from the North Carolina State Ports Authority ("SPA") at Morehead City, NC. MHSF is assigning its lease to CLNA. The subject rail property consists of a line of railroad approximately .87 miles in length plus about 4 miles of intra-terminal track.

This trackage consists of the following segments:

- (1) a line extending from the connection with the Norfolk Southern Railway Company/North Carolina Railroad Company at Milepost 0.0 in Morehead City to Milepost 0.87 at Gallants Channel on Radio Island, Morehead City, a distance of 0.87 miles, and including the spur track and consolidation tracks leading from said line, generally along Inlet Drive, to the industrial tracks on the property leased from SPA to the PCS Phosphate Company, Inc., rail car dump and the

“Fishmeal” spur on the area commonly known as Marsh Island, all in Carteret County, NC;

- (2) a line extending from the connection with the Norfolk Southern Railway Company/North Carolina Railroad Company at Milepost 0.0 in Morehead City, through and including the classification yard parallel to Highway 70 onto the Morehead City Port and thus includes all of the railroad tracks on said Port’s property, whether denominated as spurs, side tracks, industrial tracks, or otherwise, all in Carteret County, NC; and
- (3) any other railroad trackage described above including all of the railroad tracks owned or leased by SPA (or previously owned or leased by North Carolina Ports Railway Commission), in Carteret County, NC, that might have been omitted from the above description any trackage.

CLNA requests that this exemption be effective on or before February 1, 2010, more than thirty days after the filing of this exemption.

Comments must be filed with the Board and served on:

John D. Heffner, Esq.
John D. Heffner, PLLC
1750 K Street, N.W. – Suite 200
Washington, D.C. 20006
Telephone: (202) 296-3334

This notice is filed under 49 C.F.R. 1150.41. If the notice contains false or misleading information, the exemption is void ab initio. The filing of a petition to revoke will not automatically stay the transaction.

Cynthia T. Brown
Chief, Section of Administration

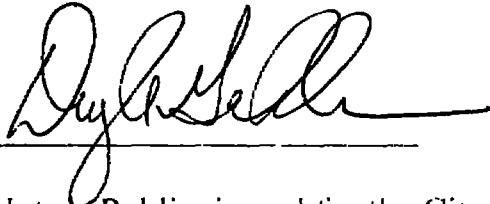
(seal)

VERIFICATION


STATE OF)
)
CITY OF) SS

Douglas Golden, being duly sworn according to law.

hereby deposes and states that (s)he is authorized to make this Verification,
has read the foregoing document, and knows the facts asserted therein are
true and accurate as stated, to the best of (her) his knowledge, information,
and belief.



Subscribed to and sworn to before me, a Notary Public, in and for the City of
LANGHORNE in the State of PA, this 2nd day of 2009.


Notary Public

My commission expires:

